LEADING THE WAY:
A Guide for Business Engagement in Early Education
The U.S. Chamber of Commerce Foundation is dedicated to strengthening America's long-term competitiveness and educating the public on how the free enterprise system improves society and the economy.

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INTRODUCTION

High-quality, affordable, and accessible childcare has a significant impact on the economic growth and competitiveness of our companies and country. Yet America is facing a childcare challenge that threatens the productivity and strength of the workforce of today — as well as the quality of the workforce of tomorrow.

A world-class workforce begins with a world-class education system. While school has previously been viewed as the start of a child’s education, we now know that the path to a good education and successful career starts at birth. “Children are continuously learning from the moment they are born — wherever they are and from whomever they are with — meaning that the commonly made distinction between “care” and “education” in early childhood is false.”

The U.S. Chamber of Commerce Foundation is committed to promoting efforts to improve and expand access to quality early education programs — broadly defined as education programs that serve children from birth to age five. For young children, “the reality is that every environment — whether home, preschool, or childcare — is a learning environment.”

The names of these programs and how they are delivered vary from state to state and even from community to community. But what we call it — whether childcare, preschool, or early education — doesn’t matter. What matters is that children from birth to age five have access to high-quality programs that support their emotional and cognitive development and lay the critical foundation in the early years that is necessary for success in school and beyond.

This toolkit provides resources to enable the business community to advance access to high-quality, affordable childcare to support employees, the broader community, and the country. This includes key facts and an elevator speech on childcare, a tactical guide with tangible ways that the business community can make an impact, and case studies that illustrate best practices and lessons learned for how to engage.

No one sector can solve this challenge alone — strong leadership from the private sector has the ability to change the trajectory of our workforce and our country.
The current workforce

The structure of work and family has fundamentally shifted, and parents today are working more than ever before. In the majority of families, it is no longer the case that one parent works and one stays home.

- Two-thirds of children under five now live in homes where both parents work, compared with fewer than one in 10 in 1940.³

The increase of women in the workforce has resulted in significant economic gains, and women make major economic contributions to businesses, their families, and society. However, women’s labor force participation has stagnated in recent years, in part due to a lack of childcare options.

- Women are nearly half⁴ of the American workforce, and mothers are 40% of primary breadwinners.⁵
- Millennials make up over a third of the workforce,⁶ and millennial women are responsible for 8 out of 10 births.⁷
- Without women’s labor force participation since 1970,⁸ our overall economy today would be $2 trillion less and median family income would be $14,000 less.

It is in the economic interest of our country and families to maintain and increase labor force participation and the skills of all working parents. Childcare is essential in supporting parents’ ability to work and further their skills through education. Without care, one cannot work or go to school. But quality childcare can be difficult to find and afford for many families across the U.S.

- The average cost of full-time center-based care is about $10,000 a year — higher than the average cost of in-state college tuition in 33 states.⁹

The elevator speech

When you only have a short amount of time to talk about childcare:

As a member of the business community and as a parent (if applicable), I believe that childcare is a key issue for our community, our businesses, and our country.

Today, the majority of children live in homes where both parents are working. For today’s workers (many of whom are parents of young children) access to affordable, high-quality childcare is a necessity — enabling them to stay in the workforce, be their most productive while at work, and continue to learn and gain the necessary skills to succeed in a rapidly changing world.

Quality care also prepares the workforce of tomorrow, forming the bedrock for future academic, economic, and social success. And businesses that support the care needs of their workers are able to better attract and retain talent and have a more productive workforce. Finally, the public return on investment for our communities and country is extremely strong, with returns as high as $16 for every $1 spent. Just think of it as a strong and wise investment with returns in the form of reduced crime and incarceration rates, increased tax revenue, more effective public schools, improved personal and public health, and more educated, skilled workers. Who wouldn’t want that?

The business community has an important role to play in propelling high-quality childcare to the top of the agenda when it comes to smart public and private investments to strengthen the workforce of today and tomorrow. Our voices have the power to change the game — I am committed to being a leader on this critical issue. The private sector prides itself on being nimble and innovative — we must seize this opportunity to use our voices, influence, and leadership to change the way America approaches childcare.

The facts: Why childcare matters to business

The current workforce

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- The average cost of full-time center-based care is about $10,000 a year — higher than the average cost of in-state college tuition in 33 states.⁹
• A family earning the median household income would spend 18% of it on childcare. For an individual earning minimum wage, care costs about two-thirds (64%) of their earnings.10

• Only 10% of early childhood providers across the U.S. are considered high-quality.11

• Half of Americans live in areas that have an undersupply of licensed care options.12

• The challenge to find affordable, quality care is even more pressing for low-income families. Among nonworking poor with young children (11.4% of nonworking poor), a full 70% cite “taking care of home/family” as the reason they’re not in the workforce.13

Although men are increasing their share of caregiving, women still do the majority of unpaid care work. Making this not just a women’s issue but a societal and economic issue that presents a particular challenge for women and working families overall.

• Women still do nearly two times as much unpaid childcare work than men do.14

• Men’s share of unpaid childcare work rose from 20% in 1965 to 34% in 2010.15

• Working fathers between the ages of 18 and 36 are more likely to say they would be willing to change jobs or careers to better manage work-life demands,16 and 67% of them espouse the desire to be an equal parent.17

THE FUTURE WORKFORCE

A growing body of research shows that high-quality early learning programs deliver both short- and long-term benefits for children and thus society.

• In the first 3 years of life, a child’s brain is the most impressionable, forming more than 1 million new neural connections every second.18

• By age 3, children with college-educated parents had vocabularies 2 to 3 times larger than those children whose parents had not completed high school.19

• Children aren’t born with executive functioning skills (the skills that enable us to plan, focus, remember instructions, and juggle tasks), but they are born with the potential to develop them. Growth-promoting environments provide children with “scaffolding” that helps them practice necessary skills before they must perform them alone.20

Studies show that investments in early childhood education result in higher wages later in life, increased tax revenue, more effective public schools, improved personal and public health, less crime, and more educated, skilled workers.21 Particularly among lower income families, children who have access to high-quality care are less likely to be held back a grade, referred to special education, and incarcerated. Those same children are more likely to graduate high school and attend college — all leading to higher earnings and less dependence on social programs as adults.

• An investment in early childhood education means significant public savings due to the strong return on investment: returns can be as high as $16 for every $1 spent.22

High-quality childcare is not a luxury — it is a necessity. Without a strong educational base to establish early skills and ability, the effectiveness of later investments in education and training are substantially reduced.23
THE BUSINESS CASE

An educated, skilled, and productive workforce is key to strong businesses and a strong economy. Yet a confluence of factors — including barriers to employment for workers with children — contribute to a decrease in the overall labor force participation rate. At the same time, children are not getting the high-quality early education they need to prepare them for the jobs of tomorrow. Both of these trends make the skills gap even more pressing.

- American companies face a growing skills gap with 6 million unfilled jobs by 2020.\(^{24}\)
- 60% of employers have openings that remain vacant for 12 weeks, costing the economy more than $160 billion annually.\(^{25}\)

A lack of care costs businesses money.

- U.S. businesses lose $3 billion annually due to employee absenteeism as the result of childcare breakdowns.\(^{26}\)

When businesses invest in childcare, they see results. Parents who have access to high-quality care are more productive, and businesses that offer childcare and family-friendly policies are better able to attract and retain talent.

- A survey by the Early Care & Learning Council reports that when companies provide childcare, employee absences decrease by up to 30% and job turnover declines by as much as 60%.\(^{27}\)
- Over a six-month period, almost half of parents are absent from work at least once due to childcare issues, missing an average of 4.3 days. And 65% of parents’ work schedules are affected by childcare challenges an average of 7.5 times.\(^{28}\)
- 83% of millennials say that they would leave their jobs for one with more family-friendly benefits.\(^{29}\)

For American business, high-quality childcare is a smart investment. It supports the workforce of today (parents), while helping lay the strong foundation necessary for success in the future workforce (children). High-quality, affordable childcare is critical to a healthy, prosperous economy.

BE A BUSINESS CHAMPION FOR EARLY EDUCATION

**GET THE FACTS** and understand why early education matters to your business’ bottom line and the American economy.

**EDUCATE** your executive and/or leadership team about care and its central importance to your business.

**ASSESS** the ways that you can help be a leader on the issue and advance early education.

- Use your voice as a business leader to influence the public conversation and policies and raise early education’s importance to the economy and workforce development.
- Join a business coalition or effort in your region that is working on early education. Add it to the agenda of a group you are already part of.
- Take stock of your own company policies to support working families and discuss them with your leadership team.

**DEVELOP** strategies to implement company policies, influence the conversation and public policy, and invest in the community.
## Taking Action

### Business Leadership for the Country and Economy

As a business leader, you have the ability to influence what issues become priorities for our country. At the local, state, and federal levels, your voices can put childcare on the map with the general public and consumers, as well as with policymakers. Strong leadership from the business community has the power to change the game.

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<td>Put childcare on the map for other business leaders</td>
<td>Propose that care be a top agenda item for any trade groups, business coalitions, and task forces of which you are a part.</td>
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<td>Advocate for public policy</td>
<td>Advocate for smart and effective public policy on care at the local, state, and federal levels; work with local and federal advocacy groups to create transparency and accountability in the childcare system so that everyone better understands how money is spent and quality is ensured.</td>
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<td>Join sign-on letters or pledges</td>
<td>Offer to list your name or business on sign-on letters, pledges, and the like, that aim to advance the issue of childcare. You can often find out more about these letters through the local, state, and national coalitions and advocacy groups working on this issue.</td>
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<td>Use your public voice to drive the conversation</td>
<td>Write an op-ed or blog post for a regional or state publication, engage in already existing social media campaigns related to care, or use your own social media to make your voice heard.</td>
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<td>Use your customer base or membership base to influence</td>
<td>Use your customer base or chamber membership base to share information about why childcare is important to your company and its employees or business more broadly. Include the topic of childcare and its relevance to your workforce or your personal story and relationship to childcare in your company’s newsletter.</td>
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<tr>
<td>Make public appearances</td>
<td>Host a speaker at your board or company meeting or leadership retreat on the relevance of early education and care to your company; offer and agree to be a speaker at a local, state, or federal event on early care and education.</td>
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Supporting the Broader Community

Your business plays an integral role in the local economy. You have worked hard to gain your status as both a desired employer and trusted community member. By considering how you can invest in childcare for the broader community, you are sending a clear message to your community, employees, and consumers about the type of culture you are creating and your dedication to the families that keep your lights on. You are also bolstering the economic development of your community, which can have substantial positive effects on your business such as increased consumer spending, less crime, higher wages, and improved public health.

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<td>Connect with your local chamber</td>
<td>Check in with your local chamber to see what kind of work it is doing on childcare. If it isn’t focused on early learning, educate the chamber about its importance to economic development and help make it a priority in your region.</td>
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<td>Join or create a cross-sector coalition</td>
<td>Create or join an existing coalition of local business, community, and childcare leaders to explore challenges and opportunities; identify new partnerships; and develop innovative, communitywide strategies for improving access and delivery of high-quality childcare.</td>
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<td>Make in-kind contributions to help support local childcare providers</td>
<td>Use your organization’s skills to support the business side of local childcare centers. Explore setting up a shared-services program and assist childcare providers by pooling and streamlining back office functions like purchasing, payroll, and billing.</td>
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<td>Invest your philanthropic dollars in organizations and providers that support early care and learning programs for low-income children</td>
<td>Target corporate social responsibility funds to programs and initiatives that support high-quality childcare, such as scholarship programs to help ensure that low-income children have access to high-quality programs.</td>
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<td>Consider Social Impact Bonds</td>
<td>Support early education and care through Social Impact Bonds to fund high-quality early childhood programs. Social Impact Bonds are a public-private-nonprofit partnership that raises private investment capital to fund (evidence-based) services to achieve pre-agreed social outcomes.</td>
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Supporting Your Employees and Strengthening Your Bottom Line

You can implement policies at your company to help parents obtain and provide the care their children need, while enabling children to reap the benefits of that care. In the end, these policies bolster your bottom line through increased productivity and the ability of your company to attract and retain the talent it needs to succeed. For those with the financial resources, these provide examples of different ways that you can support your employees.

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<td>Find out what your employees’ needs are</td>
<td>Survey your workforce on their work-family needs, and collect data on utilization rates of your existing programs. ✓</td>
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<td>Offer flexible work arrangements</td>
<td>Policies such as telecommuting and flexible start/stop times enable employees to better integrate their work responsibilities with their caregiving responsibilities.</td>
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<td>Educate your employees about their tax and subsidy eligibility</td>
<td>Many of your employees may not be aware of which local, state, and federal tax breaks and programs they may be eligible for to help with the cost of care. Work with your accountant to conduct an educational session or compile a fact sheet for your employees.</td>
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<td>Create a Flexible Spending Account (FSA) for your employees</td>
<td>An FSA provides a tax break for families and is available through the benefits package offered by a company. An FSA can be used to pay for up to $5,000 of childcare-related expenses using pretax dollars.</td>
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<tr>
<td>Contribute to or subsidize childcare</td>
<td>Contribute up to $5,000 of the cost of each employee’s child without the subsidy being added to their taxable income. This also saves you from paying employment taxes on that portion because it is not taxed as income.</td>
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<tr>
<td>Provide access to a care marketplace or resource and referral service</td>
<td>Provide membership to any number of online marketplaces or resource and referral services that can help your employees identify care in their area.</td>
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<td>Provide backup care options</td>
<td>Some companies can set up a service for both in-home and center-based backup care for when employees’ regular care arrangements fall through.</td>
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<tr>
<td>Provide on-site childcare</td>
<td>Build an on-site childcare center; think about the broadest possible swath of your workforce that could have access to this center.</td>
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Companies that offer an array of childcare support services for their employees see decreased absenteeism and increased productivity and are better able to attract and retain talent. For example, studies have shown that when companies provide childcare, employee absences decrease by up to 30% and job turnover declines by as much as 60%. It’s these types of returns that made creating a range of childcare support benefits — from on-site childcare to backup care — a no-brainer for The Home Depot. This case study looks at how The Home Depot decided to implement these programs, what design elements were essential, and the success of the programs.

IN THE BEGINNING

Headquartered in Atlanta, Georgia, The Home Depot employs more than 400,000 people nationwide. Since the beginning, the company has followed a simple premise from its founders: Put customers and associates first and the rest will take care of itself. Today, almost 40 years after the company began, this spirit remains alive and well, with corporate headquarters referred to as the “Store Support Center” (SSC) — meaning everything it does supports its retail locations and the associates working there.

So when the leadership team was approached about childcare by a group of interested parents, The Home Depot benefits team believed that taking a look at the spectrum of care solutions was a no-brainer. Not only did the idea follow the vision of its founders, but the team also saw this as key to investing in the future of the company and as a mechanism to attract the very best and brightest talent. The inherent appeal of the idea was obvious, but the question was: Could some of the common roadblocks such as finding space, financing, and liability be overcome?

Key Takeaways:

- Childcare benefits should be seen as an investment in your workforce and bottom line, not a cost.
- Parent groups — either formal or informal — can be a great generator of ideas and are a way to make workers feel valued and, in turn, engender loyalty to the company. If you don’t already have a parent group, create one, or foster an existing one.
INFLUENCING FACTORS

- A childcare solution fit The Home Depot culture and underscored its commitment to taking care of its associates — from the corporate office to retail workers.
- An internal survey found that associates were extremely enthusiastic about the possibility of a childcare center.
- There is an abundance of research and data regarding access to childcare benefits and ROI.

FROM IDEA TO DELIVERY

CFO and Executive Vice President of Corporate Services Carol Tomé championed the effort and created a cross-functional team led by the Benefits Department with participation from Finance, Tax, Legal, Building Services, IT, Security and more to bring the programs to life. In considering the implementation of the program, the team looked for a partner that could help provide the best options for the associates, both at the corporate office as well as in the more than 2,000 U.S. retail locations. The team decided to partner with Bright Horizons, a company that offers employer-sponsored childcare, early education, and work/life solutions. From concept to rollout, the process took about two years.

THE SOLUTION

The Home Depot created a suite of childcare support service options to meet the range of employee needs.

- **On-Site Childcare.** A childcare facility that offers 278 full-time spots for any of The Home Depot associates in the Atlanta area and is available to children ages 6 weeks to 5 years old.
  - There are an additional 48 spots for school-age children during summer and school breaks.
- **Backup Care.** While the logistics of providing on-site childcare for all the retail stores proved to be unworkable, The Home Depot decided to offer eligible associates backup care when they need to be at work and their regular child or adult/elder care is unavailable.
  - All associates who have been with the company at least one year have access to backup care. The care is available 24/7 and up to 10 days of care per calendar year.
  - To maximize support for all kinds of caregiving needs and recognizing that nearly half of middle-age Americans are part of the sandwich generation² (caring for children as well as for parents), use of these care programs

Key Takeaways:

- Designing the right solution requires leadership from the top as well as a cross-functional team to get the job done.
- Even if you move fast and are motivated, it can take time to get everything up and running. Be patient and stay committed.

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can be for self, spouse, dependent children, parents, grandchildren, and grandparents.

- **Care Marketplace.** Offer discounts for employees through Bright Horizons’ Care Direct program, a search engine designed to help find qualified dependent care.
- **Flexible Spending Account (FSA).** The Home Depot offers a Flexible Spending Account (FSA), allowing associates to contribute a maximum of $5,000 per year for dependent care costs tax free.

Key Takeaway:
Consider the needs of all your employees — different solutions will be tailored to different employees. Employees like options. An employee survey can be a good place to start to assess needs.

THE BOTTOM LINE

Employee attraction and retention are daily concerns for companies. Employees who leave for better benefits cost their employers upward of 20% of their salary in hiring, training, and productivity losses. For The Home Depot, the high utilization rates of all their programs demonstrate their value to employees both in Atlanta and in stores.

**Overall Lessons Learned**

- **Go beyond your corporate office.** In-store associates are the lifeblood of a company. Providing solutions for childcare challenges means giving them the peace of mind to start every shift ready to do their best work.
- **Experts can eliminate the guesswork for you.** Offering childcare options can be overwhelming, but using experts in the area can improve the process and eventual solution.
- **An on-site childcare center doesn’t have to be a drain on your resources.** Companies are often intimidated by the cost and liability risks of on-site childcare. But in The Home Depot’s experience, liability risk wasn’t an obstacle, and the ROI made the up-front costs worth it.
- **Consider a diverse holistic package** of family-friendly policies to support working parents and increase productivity.

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Minnesota: A Case Study on the Power of Private Sector Engagement in Childcare

Over the past 15 years, business leaders in Minnesota have partnered with advocacy groups and the public sector to develop strategies to close the achievement gap by improving the accessibility, affordability, and quality of childcare in Minnesota. The business community has been credited with catalyzing improvements to the childcare system and garnering increased public attention and investment. This case study looks at how these sectors came together, what they have been able to accomplish, and key lessons learned.

2003: CHILDCARE AS ECONOMIC DEVELOPMENT

In 2003, as the state explored opportunities for effective economic development, research by Art Rolnick and Rob Grunewald at the Minnesota Federal Reserve made it clear that investing in early education and care could yield significant public returns. The University of Minnesota — which was conducting research on brain development and access to high-quality care prenatally through age five — connected with the state and brought together a group of business leaders to discuss the economic implications of early childhood education and childcare for the state.

Key Takeaway:
There is strength in cross-sector collaboration, which increases the ability to bring attention to and create movement on an issue.

2004–2005: A BUSINESS COALITION IS BORN

After hearing from experts on early learning, economic impact, and brain development, the case for business engagement was clear, as was the need for an official organization to drive the initiative and ensure its sustainability. The group released a report and created the Minnesota Early Learning Foundation (MELF), composed of CEOs dedicated to funding a pilot solution to close the achievement gap.
2006–2011: A PRIVATE SECTOR-LED PILOT

MELF successfully researched, built, and launched a pilot program, which ran from 2006 to 2011. The pilot consisted of two key components: (1) a new quality rating and improvement system (QRIS) to help providers learn best practices and parents to better understand the quality of available childcare options, and (2) scholarships for low-income families to enable them to access high-quality childcare.

Key Takeaways:

The creation and financial sustainability of the pilot was successful for two primary reasons:

1) High-level executives led the fundraising efforts and use their social capital to get others to join.

2) MELF promised to sunset the program at its conclusion — creating a finite goal that executives liked.

2012: CATALYZE PUBLIC SECTOR INVESTMENT

The demonstrated success of the pilot program — and the continued advocacy efforts of the private sector — got the attention of the state, which eventually provided public funding to continue the program. The pilot’s success ultimately positioned the state to be a recipient of the federal Race to the Top grant program, adding a substantial funding stream to this work from 2012 to 2016. This private sector initiative matched with a new federal grant helped institutionalize the scholarship program at the state level. Today, the private sector continues to organize and advocate for childcare and early learning — a much needed voice to ensure adequate funding for the scholarship program and continued improvements to quality and accessibility.

Key Takeaways:

- Strong advocacy and initiative by the private sector have the power to effect public funding.

- Private sector investment can have a significant impact; however, private sector advocacy can be just as powerful, and business engagement need not end when funding does.

- Federal grants have the power to create change at the state level.
LESSONS LEARNED

- **Don’t underestimate the power of your voice.** Business leadership has the power to take an otherwise under the radar issue and make it a public priority, garnering private sector investment and generating public sector support and funding. In this instance, even though the program is now publicly funded, the business community’s advocacy is still necessary for further improvements to the childcare system.

- **Incorporate advocacy for the issue where you can.** Even if you can’t make childcare your No.1 priority, you can be part of a broader coalition and lend your name as support. You can also raise the issue of childcare when you are advocating for a slew of other issues with policymakers.

- **Business engagement begets business engagement.** Effective coalitions are built when businesses are willing to reach out to other businesses to join a cause they care about. Using your relationships is a powerful way to help support an issue.

- **Don’t go it alone.** The private sector was smart to partner with advocates for their expertise on issues around early childhood education and then eventually find a way for their work to dovetail into a public sector initiative, making it more sustainable in the long run.

- **It starts at the top.** Having CEO-level support not only brings credibility to an issue but is essential to moving the needle on funding and sustained engagement.

The bottom line is that business engagement on childcare has the power to bring attention to this vital issue and be an agent of much-needed change.
Louisiana: A Case Study on Business Advocates for Childcare

There are over 418,000 children under age six in Louisiana, 67% of whom have working parents. Yet, as in many states, the number of affordable, high-quality childcare options does not meet this demand, forcing many Louisiana families to choose between leaving the workforce or placing their children in unregulated care.

Across the state, chambers of commerce, business alliances, companies, and nonprofits have recognized this problem and now view high-quality childcare as a two-generation solution to solving some of the state’s most pressing challenges: school readiness and the skills gap. Together, these groups have played a critical role in catalyzing improvements to the childcare system, garnering increased public attention and investment.

With a childcare challenge that threatens the strength and productivity of the workforce of today and tomorrow, the stakes for finding solutions are high. This case study looks at how business leaders became advocates and joined forces with policymakers, educators, and others in the community to improve the childcare system.

LOUISIANA: THE STATE OF PLAY

Businesses and companies across the country understand that breakdowns in childcare affect the bottom line. Breakdowns in care occur for a number of reasons, including when a child is sick and cannot attend school or a care facility, when an employee has a nanny who is taking vacation or sick time, when an employee must travel for work and have childcare, or when there are school closures (e.g. inclement weather or holidays). In Louisiana, the costs of these breakdowns have been quantified. According to the 2017 report Losing Ground, employers stand to lose $816 million each year owing to these breakdowns.¹

But it’s not just the bottom line that concerns business leaders; it’s the long-term implications for their workforce. Children who don’t participate in high-quality childcare programs have lower cognitive and language skills, as well as poorer social and emotional skills and self-regulation. As a result, these children may be held back a grade or fail to graduate. When accounting for these consequences, the lack of access to high-quality childcare costs Louisiana’s economy $1.1 billion annually.

Expanding access to high-quality childcare is critical—it supports employees today while laying a strong foundation for children to succeed in school and eventually the workforce. Investments in high-quality early education also yield a high public return. In fact, the return on public investment can be as high as $16 for every dollar spent in the form of improved personal and public health, less crime, and more educated, skilled workers.²

### POLICY CONTEXT

In 2012, Louisiana recognized the importance of high-quality early education and care by passing the Early Childhood Education Act (Act 3). Act 3 legislation brings together the publicly funded early learning programs from birth to five years under the Department of Education and the Board of Elementary and Secondary Education to better align standards and improve accountability and quality by implementing more rigorous requirements. The passage of this legislation provided a strong policy framework for the business community to align itself with and catalyze its engagement.

### BUSINESSES: POWERFUL VOICES IN ADVOCACY

Business leaders have the power to champion high-quality childcare and make it top of mind for policymakers and the public, potentially changing the trajectory of our workforce and our country through their advocacy and action. There are a number of organizations throughout the U.S., including local chambers of commerce, working to advance solutions to the childcare crisis.

To learn what is going on in your community, check out these resources:

1) Childcare Aware or your local childcare resource and referral agency
2) Your local chamber and it’s education or workforce initiatives

### Key Takeaway:

You don’t have to forge the path alone. Become a champion for existing efforts. Influencing childcare in your community can be as simple as lending your voice to efforts already underway.

The following examples look at the essential roles of business leaders and chambers of commerce in advocating for much-needed improvements in the childcare system.

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THE NATCHITOCHES COMMUNITY ALLIANCE: BUSINESS ADVOCATES AT THE LOCAL LEVEL

In Natchitoches, Louisiana, a growing number of children were entering school at a disadvantage and behind their peers. This resulted in significant achievement gaps for those entering middle school, gaps that were widening at alarming rates. Interventions for closing these gaps were costly and difficult. In 2011, the Natchitoches Area Chamber of Commerce changed course and turned toward preventing the achievement gap from evolving.

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The chamber led the movement to increase awareness of high-quality childcare and generated momentum in the community, identifying the issue as critical for both the current and future workforce.

With such strong community interest, the chamber capitalized on the opportunity to join forces with a number of local organizations, including the City of Natchitoches, the Natchitoches Parish School Board, the Northwestern State University Child and Family Network (which serves as the local Resource and Referral Agency), local CPA firms, and the Northwestern State University Foundation. Through this network, plans were made and funded to address childcare challenges and find potential solutions for the Natchitoches community.

Led by the chamber, this group worked together to understand where its influence could best be leveraged. Within the framework of Act 3, and having analyzed the landscape, the chamber set its sights on improving the quality of several local childcare providers. It launched a pilot program, understanding that in order to meet their goal, they would need to help implement the more rigorous requirements laid out in Act 3.

The chamber worked with childcare directors, teachers, students, and the school board to ensure that children from birth to age five would be kindergarten ready. At the beginning, the group faced a number of challenges in supporting childcare providers; these challenges included different levels of preparation from center to center, divergent access to professional training, and varying levels of compensation among teachers. In response, the chamber raised funds through the state’s refundable school readiness tax credit and provided technical assistance, scholarships for teachers to attend professional development training, and materials (e.g. curriculum, toys, or books). It also made the providers members of the chamber to connect them to additional resources and raise their profiles in the community.
Since 2012, the Alliance has worked across 22 sites to ensure that childcare providers are improving against quality metrics. The outcomes have been positive, and in 2017, using the CLASS observations (on a scale of 1—7), Natchitoches scored 5.77 overall across three domains (emotional support, classroom organization and instructional support) and all childcare centers—a 7% improvement over the previous year. The pilot has been an overwhelming success resulting in a stronger workforce and an improved quality of life in Natchitoches. It has benefited the community through lower crime rates, more children ready to enter kindergarten, budgetary savings, and greater economic well-being.

LOUISIANA POLICY INSTITUTE FOR CHILDREN: BUSINESS ADVOCATES AT THE STATE LEVEL

Historically, state education reform has focused on the K-12 space. However, recent research has begun to point to the importance of preventing education gaps before they appear. The Louisiana Policy Institute for Children (PIC) recognized the connection between childcare and the barriers experienced by families who seek it. Because of this connection, PIC started looking for ways to engage the Louisiana business community on childcare. It found its first business champion in Entergy, a national energy company based in Louisiana. With an initial investment from Entergy, PIC launched a business roundtable on early childhood education. Having an early business champion enabled it to pilot the roundtable, travel around the state sharing information on the importance of closing educational gaps for children from birth to three years, and inform business leaders about the impact of early childhood education on current employees and the future workforce.

While PIC was pleased with the results of the pilot program, it quickly recognized the need to speak with more employers. PIC approached the Committee of 100, a statewide economic development group, to become a partner. This partnership proved to be effective for gaining more face time with business leaders. The Committee of 100 has an impressive membership, and its personal interest in the subject matter gave PIC the connections it needed to identify champions around the state.

Through its work, PIC received funding to look at the economic impact of childcare on the state. This research has given PIC the platform to bring more business leaders into the childcare conversation, shedding light on the significance of childcare and shifting the focus to an economic issue.

Key Takeaways:

- No one sector could have leveraged this solution alone. **Collaboration is key.**
- While local solutions have great impact, comprehensive state policies should also be a goal of any collective. Without **positive and comprehensive policies**, there is no long-term strategic solution.
- Be open to change. Advocating for childcare requires confidence, a willingness to work to gain trust among partners, and **a dedication to changing the status quo.**
- If you don’t like the choices before you, **don’t settle**. Collaboration, research, and sharing lessons learned will open doors to the best solution for you and your community.
Businesses that joined the policy institute’s roundtable acted as champions for childcare in Louisiana and ultimately went on to ensure that state funds were allocated toward this critical developmental period—a big win to address gaps in the education pipeline from the start.

**Key Takeaways:**

Businesses are needed to champion high-quality childcare as an economic driver. While it may not be initially intuitive, businesses can have great impact on public policy, and in return, comprehensive policy will offer a positive return on investment.

- Business leaders have the power to **make childcare a top priority** and insist on comprehensive solutions.
- Be an advocate in your community—preventing gaps early on not only removes stress from your **current workforce** but ensures a strong talent pool for **your company’s future**.
- Talk about the importance of childcare. If you belong to a business organization **add this topic to your agenda**.
- **Join with groups in your city or state** that are doing this work: Be the champion they are looking for.
LOUISIANA ASSOCIATION OF BUSINESS AND INDUSTRY: GENERATING PRIVATE INVESTMENT TO PILOT SOLUTIONS

In 2017, the Louisiana Association of Business and Industry (LABI) expanded its policy platform, making access to high-quality childcare a top policy priority. As the state’s largest business organization, it was acutely aware of the consequences for the current and future workforce of a lack of access to high-quality care.

But like many states, Louisiana is facing challenges when it comes to increasing funding for high-quality early education and childcare. Cognizant of both the state funding challenges and the urgent need to increase access to care, LABI looked to find an alternative model that was not dependent on state funding and that could help meet the care needs of families today.

With a long history of leading coalitions and promoting education reform, LABI knew whom to count on for support. It looked to their partners at Stand for Children, the BlueCross BlueShield Foundation, the Policy Institute for Children, and other business groups and chambers to determine the best way forward.

One model that appealed to LABI was partnering with a private foundation to fund a pilot program to improve quality and increase the number of childcare places in high-need communities. The BlueCross BlueShield Foundation is in discussions to fund the pilot. The proposed model has three tiers:

1) Provide financial support to existing high-quality childcare centers to help expand the number of places offered.

2) Provide evidence-based resources, technical assistance and financial support to lower quality centers that serve a large number of children in a high need area.

3) Establish a new center in an area where there is high-demand and not enough existing childcare spaces to meet demand.

In running the pilot, LABI and its partners intend to undertake a rigorous study to map the longitudinal outcomes for children participating in the pilot. The study will follow the children through kindergarten, third grade, and eventually high school to establish an evidence base for the effects of high-quality childcare. In addition to the longitudinal study, the quality of the programs and the resources provided to centers will be examined during the pilot to ensure efficacy.

Key Takeaways:

Even when state funding is not available, there is an opportunity for business groups and foundations to partner and pilot solutions that meet the needs of their communities.

- **Your dollars count:** Putting philanthropic dollars toward local programs or groups can make a big difference.

- **Expand your coalition:** Think about influential voices in your state and community and engage them, even if they aren’t your usual partners.

Now that funding has been secured, LABI and its partners intend to establish a working group, recruiting a broad range of members including faith-based groups, law enforcement officials, and other private funders to define the finer points of the pilot.

LABI hopes to launch the pilot in 2018.
Although Louisiana is still working to solve its childcare concerns, these examples highlight the power of business leaders as advocates and their ability to move the needle and implement policies and programs that benefit working parents and children.

LESSONS LEARNED:

- **Don’t underestimate the power of your voice.** Business leaders have the power to take an under the radar issue and make it a public priority, garnering private sector investment and catalyzing public sector support and funding.

- **Incorporate advocacy for the issue where you can.** Even if you can’t make childcare your top priority, you can be part of a broader coalition and lend your name as support. You can also raise the issue of childcare when you are advocating for a slew of other issues with policymakers.

- **Business engagement begets business engagement.** Effective coalitions are built when businesses are willing to reach out to other businesses to join a cause they care about. Use your relationships to help support childcare.

- **Don’t go it alone.** The private sector was smart to partner with advocates for their expertise on issues around early childhood education and find a way for their work to dovetail into a public sector initiative, making it more sustainable in the long term.
Many childcare providers are small businesses and have the same operating needs as other organizations. In addition to meeting quality standards for education and care, these businesses must focus their attention on recruiting and enrolling children, bookkeeping, building maintenance, human resources, and other business operations. But for reasons ranging from expense to expertise, it is often a struggle to find the resources to put toward these basic functions. These operating challenges don’t just impact childcare providers; they also impact children and families and reduce the ability of providers to offer high-quality care. This case study looks at the different ways businesses can contribute to Shared Services Alliances, taking the burden off these providers and enabling them to do what they do best—provide high-quality care.

**WHAT IS A SHARED SERVICE ALLIANCE?**

Shared services came into being as a strategic solution to a complex problem. A Shared Services Alliance is a partnership of childcare providers working together to share costs and deliver services in a streamlined and efficient way. The concept allows both center and family childcare providers, especially in low-income communities, to share some portion of the financial burden of operating a high-quality program. Providers do this by pooling resources to support hiring centralized staff for operations and business support, accounting, and maintenance across multiple sites among other functions. By participating in a Shared Services Alliance, early care and education businesses become stronger, more accountable, more financially sound and efficient, and better equipped to offer affordable, high-quality services for children and their families.¹ Often, these models are funded through philanthropic and corporate grants and partnerships.

¹ Alliance for Early Childhood Finance [http://www.earlychildhoodfinance.org/shared-services](http://www.earlychildhoodfinance.org/shared-services)

In extreme circumstances, when fundamental costs are shared, these small businesses at risk of closing are able to remain open and provide working families access to care.
SHARED SERVICES LEAD TO MORE EFFECTIVE SMALL BUSINESSES

Shared Services Alliances enable small businesses to focus on high-quality care by outsourcing their other business functions to experts.

Services include

- IT
- Billing
- Program coordination
- HR
- Training
- Accounting
- Enrollment services
- Quality assessment
The financial and management challenges associated with operating childcare businesses in Richmond were causing closures in communities where the need for those services was highest. The Virginia Early Childhood Foundation (VECF), started in 2005, was established to advance school readiness. It is a trusted entity in Richmond, having made a name for itself as the public/private backbone for statewide efforts to create collaborative initiatives that increase efficiencies and outcomes. Because of its work, VECF was approached by the Robins Foundation, a local philanthropic organization that sought to improve the greater Richmond community and advise on guarding the stability of quality early childhood education and care programs in communities of concentrated poverty.

The Robins Foundation and VECF wanted to expand existing community organizations that were, or could, provide high-quality early learning services in high-need communities. VCEF conducted fiscal mapping and analysis, resulting in recommendations to investors to front the cost of launching a Shared Services Alliance. Following the recommendations, the Robins Foundation and the Community Foundation serving Richmond and Central Virginia underwrote the launch of the Richmond Area Service Alliance (RASA). The goal of this collective is to address the financing challenges childcare businesses face without a robust revenue line of parent tuition to bolster budgets.

VECF looked for a partner that could help consolidate business functions while not competing with the businesses that it was serving. Ultimately, VCEF selected Commonwealth Autism, an established organization with the business acumen to act as a centralized hub for operations and business functions. VECF launched its pilot program with three participating childcare businesses in 2016. The model started with private funding, as success continues, however, it will transition the model, requiring member groups to pay a fee for service after two full years in the program.

While still early in the pilot phase, VECF has found initial results to be strong, showing shared services to be a strategic solution to a systemic and complex problem—one that investors have found to be a smart and forward looking (rather than reactive) investment. In fact, this approach, its outcomes, and potential are gaining momentum, and awareness is spreading across the country, increasing overall interest in Shared Services Alliances.

**Key Takeaway:**

The pilot program demonstrated that there is a key role for private sector partners to establish long-term, collaborative systems to support early learning services in low-income communities. Business leaders can be instrumental by using their skills to establish, or help establish, new alliances.
SAN FRANCISCO EARLY LEARNING ALLIANCE, CALIFORNIA

For childcare providers in San Francisco, the high cost of living and real estate makes it difficult to deliver services to low-income families, forcing them to operate on very tight margins. In 2015, the Mimi and Peter Haas Fund worked with the Alliance for Early Childhood Finance to determine the best way to address the challenges faced by childcare providers in the region. The recommendation was to start a small Shared Services Alliance with three existing childcare providers, financially supported by the California Resource and Referral Network, and the Mimi and Peter Haas Fund, which also acted as the centralized location for alliance operations.

In 2015, the San Francisco Early Learning Alliance (SFELA) was founded. SFELA sought to assist childcare businesses operating with public funding by offering solutions to provide high-quality and highly efficient back office services. Now entering its fourth year, SFELA has grown to include 12 sites representing both nonprofit and for-profit centers. Its suite of services includes enrollment management, attendance tracking, subsidy and grant management, accounting, financial reporting, audit and tax returns, and personnel and benefits management.

For the providers who joined the Alliance, it is already paying dividends. Outsourcing functions has enabled centers to diversify their revenue streams so that they can accept families of varying socioeconomic status. Additionally, the savings that centers have made through the Alliance have enabled the Alliance to move toward a membership model based on sliding scale fee for service. To date, the Mimi and Peter Haas Fund is financing SFELA, which now has a staff of four. While it would like to break off and establish its own 501(c)(3), the cost of real estate in San Francisco is prohibitive. Also, SFELA now finds itself at a pivotal point in need of assistance with strategic business planning.

Key Takeaway:
The Creating a Shared Services Alliance means being able to offer high-quality, affordable childcare to families who need it most because of the cost savings involved in grouping childcare centers together with varying socioeconomic clients.
In Chattanooga, one of the longest-established examples of a Shared Services Alliance began almost by accident. The Chambliss Center for Children (previously known as the Chambliss Children’s Home and the Chambliss Shelter) provides administrative services to multiple nonprofits. Then called the Chambliss Children’s Home, it opened its doors in 1872, originally providing housing and care for orphaned boys and girls. In 1969, the home expanded and began to offer 24 hour child care in addition to its residential services, serving 200 children in this program. By 1983, the organization was serving 200 children in childcare in addition to its residential services. Therefore, when the government began looking for organizations to take over the Chambliss Shelter, the Chambliss Center’s reputation of being a well-managed enterprise made them an ideal candidate to take over responsibility for the shelter.

Several years later, the success of this venture was not lost on the local United Way, which in 1986 called the Chambliss Center regarding a struggling early childhood program. A Shared Services Alliance was born, and the Chambliss Center took on all licensing and financial requirements, staff management, admissions, and board relations. It also acted as the executive director for these programs.

The Chambliss Center has continued to expand and has recently been able to fill a need in its local school district, offering care for working parents in the education industry who would have otherwise left the workforce owing to a lack of access to childcare. Today, the Chambliss Center has 12 locations in public school buildings in addition to six off-site locations.

Key Takeaways:

By merging operations, the Chambliss Center was able to preserve small, community-based nonprofits. In addition, by serving the missions of these nonprofits and individual small businesses and allowing them to remain autonomous, it has resulted in a creative and cost-effective solution that works for everyone involved.

The Chambliss Center’s most recent project encompasses the larger Chattanooga community. It is partnering with a local real estate developer to imbed childcare in the planning and urban design conversation. The Chambliss Center will operate multiple childcare locations that support a new community yet to be developed. Such forethought enables families in the community to reap the economic benefits of high-quality childcare, made possible by the Shared Services Alliance that the Chambliss Center created. Because of the Center’s continued community involvement, it’s now the largest childcare provider in Chattanooga outside of Head Start.

For all the nonprofits that have joined this Shared Services Alliance, their ability to remain autonomous as their own 501(c)(3) has enabled them to continue operating with the specific needs of their community top of mind.
It’s often easy to overlook childcare providers as part of the business community. Shared Services Alliances provide business leaders with a distinct opportunity to support childcare providers for the betterment of their communities. Here’s how to help:

**Front the cost of shared services:**
Invest in creating and developing Shared Services Alliances.

**Offer space to promote quality:**
Fund or offer your own space to centralize Alliance operations.

**Champion better policy:**
Push for solutions to long-standing barriers around policy and offer a fresh approach to sustained solutions.

**Donations:**
Provide time, office supplies, furniture, or services (e.g., bookkeeping, training, taxes, or auditing) to lessen financial burdens being carried by a Shared Services Alliance.

**Get involved with a collective:**
Pool contributions and reach out to your business allies and let them know about the importance of supporting childcare.
Endnotes


32. Alliance for Early Childhood Finance http://www.earlychildhoodfinance.org/shared-services